

Message Text

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PAGE 01 DAMASC 00462 211027Z
ACTION NEA-07

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LIMDIS

FOR NEA SOBER FROM AMBASSADOR

E.O. 11652: GDS
TAGS: ETRD
SUBJ: HELPING INTERNATIONAL HARVESTER STAY OFF THE
BOYCOTT LIST

1. SUMMARY: INTERNATIONAL HARVESTER (IH) IS IN THE FINAL STAGES OF CORRESPONDENCE WITH THE CENTRAL BOYCOTT OFFICE (CBO) IN ITS ATTEMPT TO STAY OFF THE BOYCOTT LIST. UNLESS YOU PERCEIVE OBJECTION I INTEND TO APPROACH THE SYRIAN MINISTER OF ECONOMY AND ASK HIM TO PRESSURE THE CBO TO ACCEPT THE LAST IH DOCUMENT WRITTEN BEFORE US ANTI-BOYCOTT LEGISLATION CAME INTO EFFECT AND NOT SEND IH ANY MORE QUESTIONNAIRES. END SUMMARY

2. BACKGROUND: SOME THREE MONTHS AGO IH LOCAL AGENT IN SYRIA RECEIVED A CBO QUESTIONNAIRE TRANSMITTED BY THE SYRIAN MINISTRY OF ECONOMY AND FOREIGN TRADE. THIS QUESTIONNAIRE ASKED A WIDE VARIETY OF QUESTIONS CONCERNING IH'S ACTIVITIES TO WHICH IH LIGAL COUNSEL COMPOSED AN ANSWER. IN LATE DECEMBER IH REGIONAL REP CAME TO DAMASCUS TO PRESENT
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CONFIDENTIAL

PAGE 02 DAMASC 00462 211027Z

THE RESPONSE TO THE CBO. HOWEVER, HIS LOCAL REP DISCOVERED AT THE MINISTRY OF ECONOMY THAT NEW CBO QUESTIONNAIRE WAS SOON TO BE SENT TO IH. THE REP OBTAINED AN ADVANCE COPY OF THIS QUESTIONNAIRE WHICH ZEROED IN ON A QUESTION IH WEA UNABLE TO ANSWER, EVEN UNDER PREVIOUS LEGISLATION: WHETHER THERE ARE MEMBERS OF THE AMERICAN JEWISH CONGRESS ON THE IH BOARD OF

DIRECTORS. (THE OTHER QUESTIONS ARE: A LIST OF ALL COMPANIES OWNED BY IH, A LIST OF ALL COMPANIES OWING SHARES IN IH, AND WHETHER OR NOT IH BUYS SEEDS AND PLANTS FROM ISRAEL FOR EXPORT TO ARAB COUNTRIES.) IH HAS PREPARED ANSWER SAYING FORTHRIGHTLY IT IS FORBIDDEN TO GIVE OUT INFORMATION ON MEMBERSHIP IN THE AMERICAN JEWISH CONGRESS BY MEMBERS OF ITS BOARD.

3. IH IS PESSIMISTIC THE CBO WILL ACCEPT THIS EXPLANATION AND EXPECTS TO BE ON THE BOYCOTT WITHIN A FEW MONTHS. (ITS REPLY IS DUE IN THREE MONTH TIME.) THE REGIONAL IH REP IS GOING BACK TO HIS MANAGEMENT TO SEE IF THEY CAN MOUNT PRESSURE ON THE CBO FROM THE ARABIAN PENINSULA STATES. (A NUMBER OF RAYAL AND PRINCELY FAMILIES ARE IH REPRESENTATIVES AND THE INCOME FROM IH BUSINESS IS SIGNIFICANT.) HOWEVER, THEY NEED TIME TO GET CORPORATE APPROVAL TO START SUCH A CAMPAIGN AND GET THE SAUDIS, KUWAITIS, BAHRAINIS, ETC., GEARED UP TO BEGIN PRUSSUING THE BOYCOTT OFFICE. IT IS ESSENTIAL, IT SEEMS TO ME, THAT THIS PRESSURE BE BROUGHT TO BEAR BEFORE THE CBO REACHES A DECISION ON THE ISSUE. ONCE IH IS OFFICIALLY BOYCOTTED, IT SEEMS TO ME, THE GAME WILL ESSENTIALLY BE LOST WITH US LEGISLATION PRECLUDING ANY EFFORT TO GET OFF LIST.

4. PROPOSED ACTION: UNLESS YOU PERCEIVE OBJECTION, I
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PAGE 03 DAMASC 00462 211027Z

PROPOSE APPROACHING MINISTER OF ECONOMY AND FOREIGN TRADE IMADI TO GIVE HIM THE COMPLETE STORY AND ASK HIS ASSISTANCE. SPECIFICALLY, I WOULD ASK HIM EITHER TO TRY TO PERSUADE SAR CABINET TO ENDORSE HIS ANSWER OR TO WORK DIRECTLY ON THE CBO TO ACCEPT THE EARLIER ANSWER AND NOT PURSUE THE MATTER FURTHER. I WOULD SAY
A) IH HAS A LONG HISTORY OF DOING GOOD BUSINESS IN SYRIA,
B) THERE IS A GOOD CHANCE THAT IH WAS FINGERED BY SOMEONE IN DAMASCUS FOR REASON OF COMMERCIAL COMPETITION.
ACCORDING TO CBO-ADMITTED PRACTICES, IT CONDUCTS CORRESPONDENCE THROUGH THE REGIONAL OFFICE WHERE DEROGATORY INFORMATION WAS FIRST DEVELOPED. THUS THE SYRIAN GOVERNMENT WILL BE THE FIRST VICTIM OF REDUCED COMPETITION ON GOVERNMENT BIDS, AND C) BOYCOTTING IH PROMISES TO SERIOUSLY DISRUPT USAID ACTIVITIES. (IH HAS WON A MAJOR PART OF THE EUPHRATES MAINTENANCE CONTRACT AND WILL BE A PRIME BIDDER ON NUMEROUS OTHER UPCOMING CONTRACTS) IF IMADI IS UNABLE TO PERSUADE THE BOYCOTT OFFICE I WILL SUGGEST HE TRY TO DELAY ANY DECISIONS UNTIL IH IS ABLE TO GAIN UP ITS ARABIAN PENINSULA LOBBY.

5. I PARTICULARLY WANT TO DRAW IMADI'S ATTENTION TO THE
QUESTION REGARDING AJC MEMBERS ON IH BOARD AS THIS
CONTRADICTS HIS PAST ASSURANCES TO US THAT ARAB BOYCOTT
REGULATIONS ARE NOT CONCERNED WITH ETHNIC OR RELIGIOUS
AFFILIATION OF COMPANY OFFICIALS.

MURPHY

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